

Comparative Study of CRM between Sampo Bank Varkaus Branch and Bank of China Lujiang Branch

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<p>Abstract</p> <p>Customer Relationship Management (CRM) as a strategy has been given massive attention in companies in recent decades. And banks, as one of the most active commercial contexts of CRM, have never stopped applying more and more advanced CRM applications into customer data mining and analyzing. Besides, they have utilized other technologies to serve customers better. Accordingly, there are many re-designed banking processes and changes of demands for banking staff. The objective of this thesis is to describe CRM situations at both researched banks: Sampo Bank Varkaus Branch and Bank of China Lujiang Branch and compare the differences of CRM between the two banks.</p> <p>Theoretical part of the thesis consists of pure theories about customer relationship management and CRM in banking industry. Research was carried out by interviewing the Director of Varkaus Branch and the Operation Manager of Lujiang Branch respectively. Interview questions were prepared beforehand and the interview results and comparative analysis are presented in the empirical part of the thesis.</p> <p>The results show that Varkaus Branch and Lujiang Branch both stress the importance of customer relationship management. But when comparing processes, people and technology from three dimensions, the results show different ways of managing customer relations.</p>			
<p>Keywords</p> <p>CRM, Banking, Technologies, Business Processes, People</p>			

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1 INTRODUCTION

1.1 Background Information

This research is a thesis report for Bachelor's degree in Business and Administration at Savonia University of Applied Sciences. It is a study that concentrates on modern customer relationship management in banking industry. CRM at the beginning is mentioned as a part of marketing. But gradually, as the development of globalization business and the recognition of the importance of customer retention and customer relationship economics, CRM has become an independent subject which has been studied and given attentions a lot. Particularly, banking industry which handles many customers with providing financial services plays a very important and active role in the commercial contexts of CRM.

In this paper, two bank branches' customer relationship management will be researched and compared. One bank branch is Sampo Bank Varkaus Branch. Another branch is Bank of China Lujiang Branch. Lujiang is a town which belongs to Heifei, the capital of Anhui Province. The start point of the thesis was to research the two branches further. And considering the differences of culture, social system and other aspects in two countries, it is quite meaningful and interesting to compare the two bank branches in customer relationship management.

1.2 Research Problem

The objective of this research is to describe customer relationship management situations at both researched banks. Through comparative study of CRM between two case banks based on theoretical reviews and interviews, differences in CRM between Sampo Bank Varkaus Branch and Bank of China Lujiang Branch will be concluded and presented.

The theoretical part of this research focuses on the pure theories on customer relationship management and CRM in Finnish banking industry and Chinese banking industry respectively. Empirical part is carried out by conducting qualitative interviews towards the banks' managers. The most vital information is gained and collected from the managers and the two banks' official webpages.

2 CUSTOMER RELATIONSHIP MANAGEMENT

This chapter presents the pure theories which are relevant to this study. In the first section, the general introduction and definition of customer relationship management are provided. Further, benefits and commercial contexts of CRM will be given followed by three components of customer relationship management.

2.1 Customer Relationship Management Defined

Customer Relationship Management (CRM) has become one of the most dynamic topics since the early 1990s. Since then there have been many attempts to define the domain of CRM. However, according to Anderson and Kerr (2002) that managing customer relationship is as old as the hills. Chen and Popovich (2003, 621) also mentioned that CRM is not a concept that really new but it has assumed practical important due to current development and advances in information and enterprise software technology. In addition, the fact that the marketing environment of today is highly saturated and much more competitive than before is another factor which drives more firms to focus on CRM. The root of CRM is relationship marketing, which aims to create, develop and enhance relationship with carefully targeted customers to maximize customer value, corporate profitability and shareholders value. But the modern customer relationship management was influenced and shaped by other theories like total quality management and new technological paradigms as well. As a result, CRM does not just belong to sales and marketing. It is neither the sole responsibility of the customer service group nor the brainchild of the information technology team.

According to Anderson and Kerr (2002, 2), customer relationship management is a comprehensive approach for creating, maintaining and expanding customer relationship. They further explained that, CRM must be a way of thinking about and dealing with customer relationship that touches all areas in organizations. Customer relationship will suffer when CRM is delegated to one area of an

organization. Greenberg (2004) defined CRM with similar statement above. He explained that, CRM generally is an enterprise-focused endeavor encompassing all the departments such as customer services, human resource, sales, marketing, purchasing and manufacturing and so on in a business. Whereas, the past several years has witnessed an explosion in CRM tools, especially software applications. Consequently, many firms considered CRM as a technology solution and got confused CRM tools and CRM strategy. As a matter of fact, CRM today is not merely technology applications for marketing and services but can be described as a core strategy for a company. CRM applications and technologies are referred to as CRM tools. And CRM strategy is grounded on high quality customer related data and enabled by information technology (IT).

2.2 Benefits and Commercial Contexts of CRM

Benefits gained from CRM implementation can be found easily by companies owing to fierce competitions in current marketing environment, although there are many companies that adopt CRM systems just because it is the most advanced technology and they think they have to have it since their competitors have it. The first apparent benefit that CRM will bring is **the cost of recruiting or obtaining customers** will decrease since there are savings to be made on marketing, mailing, contract, fulfillment services and so on. It is well acknowledged that acquiring new customers is more expensive than retaining existing customers. And the number of long-term customers will increase to preserve a steady volume of business. Relatively, **the customer profitability** will get higher since more referrals come with higher customer satisfaction among existing customers. Moreover, customer relationship management also help increase **customer retention and loyalty** because customers benefit from customer services improved through CRM. (Swift 2001)

CRM is implemented in a wide variety of commercial contexts like banks, automobile manufacturers, high-tech companies and consumer goods manufacturers, which present a lot of different customer relationship management problems. There is no doubt that banks are the most active contexts which provide a large number of individual customers with financial

services. Banks want data mining techniques in CRM to help them manage customer defection rates and to enhance cross-sell performance as well as want to win a greater share of customer spend on financial services. Furthermore, in the face of considerable resistance from some customer segments, many banks have been transferring service into contact centers and online. In terms of automobile manufactures, who have litter contact with the end-user owner and driver, they hope CRM will enable them to develop better and more profitable relationship with their distribution networks. Except two contexts above, high-tech companies and consumer goods manufacturers also uses CRM to develop profitable relationship with their customers. (Buttle 2009, 17)

2.3 Components of CRM

CRM systems in companies usually consist of three key components.

According to Limayem (2004), for CRM to be successful, the **people** component must account for 70 percent among the three components. And the people component is the most difficult component to be controlled and managed given the sensitivity of people to change their minds and behaviors. As the definition of CRM mentioned above, CRM is a strategy that need the support from all the department of an organization. A customer-centric business model requires the participations of all the employees within the organization. In addition to the employees who do their day to day jobs to support CRM, Commitment from top level management is a requirement and crucial to the success of CRM as well.

A business process refers to a series of activities occurring within a company that result in a desired business outcomes. Put more simply, business processes are how things get done by a company. It focuses on meeting the needs of the customer and delivering a good or service that will fulfill the need. And processes can be classified into front-office processes and back-office processes. Front-office processes are those that customer encounter such as the complaints processes. Back-office processes are invisible to customers, for example, the procurement process. According to Chen and Popovich (2003), consistent business processes are essential to all areas of customer relationship

management and those core business processes should always be updated and redesigned according to customers' perspectives and feedbacks.

CRM, to many companies is synonymous to information **technology** despite customer relationship management actually involves much more aspects. CRM technologies evolve at a rapid rate and enable businesses to enhance customer relationships. The push towards better CRM technologies is a natural result of meeting businesses' need in developing greater customer-facing operations like marketing, sales, and customer service. (Greenberg 2004)

Nowadays, two information technologies: data warehouses technology and Internet technology are really known by general public and widely used for re-engineering business processes. Data warehouses technology is defined as a tool that combines and collects all the customer data. The sources for data houses can be those from company itself as well as customers and third parties. Data warehouses technology enables companies to extract knowledge and information about customers and gives decision makers an instant access to information has been integrated and processed. Another technology must be noted is Internet. In recent times, business transactions over the Internet like electronic banking, stock trading, electronic business are at a much higher volume. And companies are using Internet technologies to build stronger relationship with their customers by improving customer services and dealing with customers' feedback more effectively. A very good example is Dell which have innovated a channel to go direct-to-customers by automating their sales processes with product configurator software and delivering their customer service online. (Chen and Popovich 2003)

2.4 CRM Implementation

CRM has three main components: people, processes and technology. And CRM projects implementation also involve consideration of all three components. According to Buttle (2009, 63), implementing an organizational-wide CRM project that automates selling, marketing and services processes might involves processes reengineering, people re-skilling and the deployment of technology applications. Galbreath and Rogers (1999) also affirm that CRM implementing refers to change in processes, people and technology to create a new business management style. CRM implementation consists of five major phases, as shown in Figure 1.

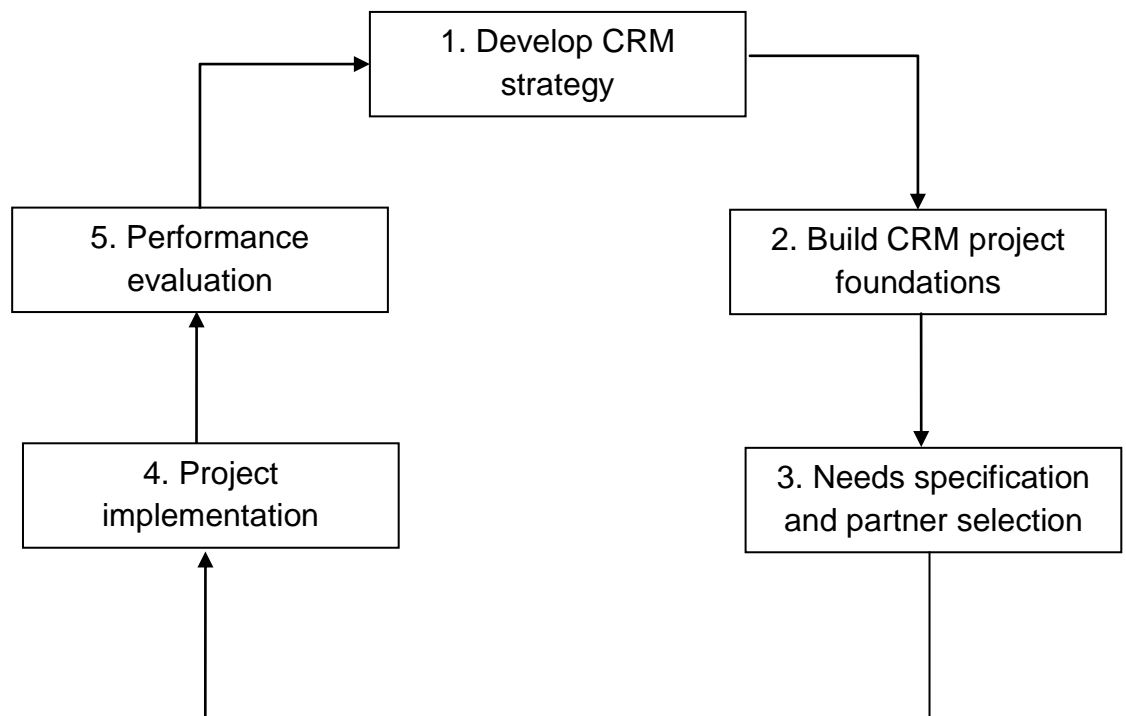


Figure 1. CRM project design and planning process (Buttle 2009)

The first phase of CRM implementation is **development of the CRM strategy** which starts with a situation analysis. And the situation analysis is usually considered from three dimensions: markets segments, market offerings and channels. And questions such as the following categorized into the three dimensions are asked.

- Which segments do we target?
- Which segments do we serve?
- Which customer management processes have most important impact on our costs or customer experience?
- Which products do we offer?
- How well known are our offerings?
- Which channels do we use to distribute to our customers?
- Which channels management processes have most impact on our costs or channel member experience?

After the situation analysis, developing the CRM vision and commencing CRM education will be the activities which eliminate some misunderstandings of CRM and give shape and direction to CRM strategy. Next, developing CRM strategy should establish CRM goals and objectives with purpose of serving to evaluate the performance of CRM implementation later. And according to reports data collected by Gartner Inc., CRM goals generally cluster into three broad areas: enhancing customer satisfaction or loyalty, growing revenues or reducing costs. The following step is to begin the process of identifying the people, technology and process requirements for the goals and objectives to be achieved. (Buttle 2009, 65-71)

The second phase of CRM implementations involves **building the foundations** after having created the CRM strategy. CRM projects are designed and implemented by people. Hence, the first step to building the foundations is identifying stakeholders, including senior management, users of any new system, marketing staff, salespeople, customers, channel partners, customer services agents and IT specialists. And then, CRM project roles and responsibilities should be properly defined and allocated, which followed by identifying considerable demands of project management skills and critical success factors. (Buttle 2009, 72-80)

The next phase is **specifying needs and selecting suitable partners**. Specific needs often contain business process that need attention, customer-related databases and technology requirements. Partners selection usually refers to invite several process, people and technology partners in accordance with the

purposes of CRM project. Typically, cooperations with technology vendors are invited and selected more often. (Buttle 2009, 80-89)

Real CRM implementation starts from the fourth phase-**project implementation**. Certainly, the first step of this phase requires refining the CRM project plan with selected partners because original project defined without consideration of the needs and availability of partners. And before a roll-out programme is implemented, companies usually still have to do final adjustments to marketing, selling and services processes and further training. (Buttle 2009, 89-90)

The last phase of CRM implementation is **performance evaluation**. Generally, two sets of variables can be measured: project outcomes and business outcomes. Project outcomes focus on whether the CRM project has been delivered on time and to budget. The evaluation of the business outcomes is relevant to the project objectives and definition of CRM success. (Buttle 2009, 90-91)

2.5 CRM in Banking Industry

Customers are counted as the most important resources among a business, especially in the highly competitive banking industry, where rivalries have become so aggressive and fierce. It is undoubted that CRM is a key element of differentiation that lets the banking industry to develop its customer base and sales capacity. And it is a sound strategy to identify a bank's most profitable customers and prospects for devoting attention and time to expanding account relationship with those customers through individualized marketing and pricing. In banking industry, customer relationship management is entirely different from other sectors because banking industry is purely relevant to financial services, which needs to create trust among customers. CRM in banking sector could be summarized as few aspects below:

- Ensure that banks keep in touch with customers and get deeper knowledge about customers.

- Support customer care during on and off official hours.
 - Create awareness regarding e-banking and mobile banking.
 - Making information about interest payment, maturity of time deposit etc. timely.
 - Ensure that customers get what they want from service providers.
 - Ensure that understand when and why they are not satisfied with services provided and act appropriately according to customers' feedbacks.
- (Saravanakumar, S. 2009)

And what customer relationship management will bring for banking industry is not only substantial profits and more core competencies but also other benefits. For example, because customer relationship management as a new management mechanism for improving of relationship between enterprises and customers involves many business areas in banking like marketing, services, and technology supporting and so on, banks could recognize the direct and indirect relations between financial products and services and customers and coordinate sales, supporting, customer service and other departments to have better cooperations. On the side, gradually, CRM has been changing the conventional relationships between banks and customers in many aspects. Table 1 shows the changes in customer relations after impleting CRM in banks.

TABLE 1. Traditional customer relations and customer relations after implementing CRM in Commercial banks (Zhang 2011)

Features has been changes	Traditional customer Relations	Customer relations after impleting CRM
Positions of banks and customers	Banks are in advantageous position	Customers are in advantageous position
Supply-demand relationships	Sell's market	Buyer's market
Sales methods	Waiting for customers to come to banks	Seeking for customers forwardly
Properties of transactions	Unidirectional selection	Two-way selection
Properties of relationships	Relationship of pure transaction	Relationship of win-win cooperation

However, CRM developing situation in banking industry varies from country to country as a result of culture and state system differences, different banking and CRM developing phases and also other factors in spite of huge growth of CRM in banking sector globally. Considering the two case banks researched, CRM statue in Finnish and Chinese banking industry will be demonstrated separately.

2.5.1 CRM in Finnish Banking Industry

The Finnish banking sector is highly concentrated and competition in the Finnish banking market is tight with about 360 credit institutions. The banking sector was a leader of the whole Finnish financial system for a long time, with a vast share of providing housing finance and management of the payment system. However, during the last five years, internationalization of the banking sector and expansion into insurance business have driven major structural changes in the Finnish banking market. And more Finnish banks have been integrating into the financial service sector, with credit, investment, and insurance companies for

keeping a good market position. Currently, the three largest banking groups in Finland are OP-Pohjola Group, Nordea Bank Finland and Sampo Bank. And the three of main players account for more than 80% of the total Finnish market. And those leaders of the financial market of Finland have all been formed through more or less complicated mergers. Most of the Finnish banking market is in foreign ownership. Nordea Bank Finland operates as a subsidiary and a commercial bank of the Nordea Group, and Sampo Bank is a subsidiary of the Denmark-base Danske Bank. Besides the main leaders, many new credit institutions have been set up in recent years in Finland. These new banks focus on mainly on consumer lending and are rather small players in the market. (Federation of Finnish Financial Service 2011)

Tight competition leads to all the biggest banks in Finnish banking market have highly growth oriented strategies and stress to keep good relation with customers extraordinarily. Many Finnish banks try to gain a competitive edge through advanced customer relationship management and differentiated delivery channels. On the one hand, Finnish banks have succeeded in taking advantage of modern banking technology in business operations. They have highly automated systems, and because high internet penetration ratios and high level of education, there are growing of numbers of customer using the internet for payments and other financial services. Physical branch networks have decreased, but e-banking services has been the distinctive feature of Finnish banking. And the number of connections between banks and customers such as via ATMs, telephone and mobile phone banking has increased rapidly. In addition, common attitude towards modern technology and its usage have been positive in Finland. Banks and customers have been open to new innovations and their application in banking. On the another hand, the concept of customer relationship management have penetrated into daily banking operations in Finland rather than only attentions to banking technologies development. For instance, as investment and savings products become more and more sophisticated with the introduction of financial innovations, Finnish banks have began to supply customers with complementary and “tailor made” advisory role for enhancing customer education in investment information. (Danmarks National Bank 2006)

2.5.2 CRM in Chinese Banking Industry

Chinese banking sector has appeared to grow very fast since Chinese government carried reform and opening up policy out. Many of Chinese banks, which was owned by the Chinese government have gone through great structure reforms and now are companies limited by shares. The four largest commercial banks in China are Bank of China, China Construction Bank, Agriculture Bank of China and Industrial and Commercial Bank of China. They all have become limited companies in order to adapt to the evaluation of Chinese economy and the change of banking market. But still, the Chinese government holds over half shares of those banks and has very important affects on them. (Zhang 2007)

Chinese banking industry has paid considerable attentions to customer relationship management since China joined World Trade Organization(WTO) and many foreign banks entered into Chinese banking market. Quite a lot big Chinese banks have continuously been exploring how to introduce the CRM theories into Chinese banking industry and implement them combining with practical situations in China. But in general, CRM in Chinese banking industry is at the start-up phase. And there may exist more developing and implementing problems during the process of building a mature and thorough CRM system in Chinese banking industry. (Zhang 2007)

Compared with developed western banking industry which has over 20 years experience in customer relationship management, Chinese banking industry which has been affected a lot by the transforming of economic system in China has poorer service consciousness. In terms of CRM, Chinese banking industry has not done enough in digging and exploring customers' real aspirations and expectations deeply and has shallow understanding about "customer-centric". strategies and tactics for a long time. They did not segment markets and customers and provide differential services to earn the customers who can bring big profits. At the same time, another shortcomings of CRM in Chinese banking industry is the comparatively weak ability of mining and analyzing customers' information. Since at the beginning of 1980's, Chinese banking industry has

began the work of collecting customer's data. However, initial data about banks' customers is quite simple which just cover customer's name, account number, fund settlement and others closely related to banking business. Even worse, most of customer information is idle and the value of it has not been developed. (Zhang 2007)

Although CRM in Chinese banking industry is like a new born baby, its growth is obvious to all. Most of all Chinese commercial banks have been building own CRM system which consists of CIS (Customer Information System) and MIS (Management Information System) according to their practical situation. And just because Chinese banking industry lacks the ability to excavate and utilize customers' data sufficiently, currently, most of large-scale commercial banks are trying to cover the shortage. They have been spending lots of money and efforts on building their own data warehouse up. For example, many banks seek actively for professional companies like IBM to provide unique customer relationship management solutions which emphasizing data warehouse technology and data mining. And most banks' large database contain two kinds of information: static information and dynamic information. Static information refer to clients' name, mailing address and other fixed information. Dynamic information include variational and abundant information about clients' business management and fund settlement. Besides the attentions to CRM technologies, Chinese banks also start to redesign whole banking business process on the base of collected information from different channels like call center, sales network and internet. They have realized that how apply the information resources into banking operations is the key to survive in Chinese banking industry filling with fierce competitions. And most of them are willing to convert passive service into active service to offer customers with personalized service according to their consumption tendencies which are studied by CRM technologies. (Zhang 2007)

3 RESEARCH IMPLEMENTATION ON CRM IN BANKING IN FINLAND AND CHINA

This chapter will describe the research methods used in this study. Data collection procedure and qualitative data analysis will be introduced as well followed by results got from the interviews.

3.1 Qualitative Approach

There are two approaches that can be applied by researchers: qualitative approach and quantitative approach. Qualitative research focuses on phenomena that occur in natural settings and studies those phenomena in their all complexity. The situations that should use qualitative approach are showed below:

TABLE 2. When to use qualitative approach (Leedy & Ormrod 2009)

Description	Revealing nature of certain situation, settings, processes, relationships, systems or people.
Interpretation	Gaining sights about nature of particular phenomenon, developing new concepts and theoretical perspectives about phenomenon and discovering problems that exists within phenomenon.
Verification	Testing validity of certain assumption, claims, theories or generalization of real-world contexts.
Evaluation	Judging effectiveness of particular policies, practices and innovations.

Quantitative approach answers questions about relationships among measured variables with purpose of explaining, predicting and controlling phenomena. This research would seek to find out the differences in CRM between Sampo Bank Varkaus Branch and Bank of China Lujiang Branch. CRM situations in both researched banks were described and compared. This provides a reason for the adoption of qualitative research in this study. (Leedy & Ormrod 2009)

3.2 Data Collection

In this research, the qualitative research data are collected from internet, books and publications as secondary data and interviews to the director of Sampo Bank's Varkaus office and the operation manager of Bank of China Lujiang Branch as primary data. The theoretical study about pure CRM theories and CRM in banking industry which is the base of the whole analyses was mainly conducted by reviewing literatures. The primary data collected from the interviews consists of the banks' general introduction and current customer relationship management status.

The literature reviews lasted from the beginning of February to the end of April, 2013. Different sources from internet or paper publications were read and analyzed to get better understanding of CRM theories and CRM practices in the banking industry, especially in Finnish and Chinese banking industry. This also provided the base of making appropriate interview questions and setting directions of comparative analysis.

The interview to the Director of Varkaus Branch Ulla-Maija Räisänen was done in the Director's office on 10th of April, 2013. Interview questions had been prepared before the interviewing. And the questions were drawn up according to CRM's three components: People, business process and technology. In other word, customer relationship management status in Sampo Bank Varkaus Branch were asked from the three aspects. Meanwhile, some questions about basic information about the bank such as history, organization structure and physical

factors were asked at the beginning of the interview. The whole session lasted about 40 minutes and is conducted in English. The interview to the Operation Manager Wang Qin in Bank of China Lijiang Branch was conducted on 13th of April, 2013 by Skype video. Same interview questions in Chinese were asked to the manager for final comparative study. And the interview was also conducted in Chinese. All the interviews were recorded by writing down the answers and meanwhile, a phone was used for recording the process of personal interview to the Director of Varkaus Branch in order to insure the accuracy of manual recording.

The data collection procedure is as followings:

TABLE 3 The Data Collection Procedure

Data Collection Methods	Sources	Date	Content
Literature reviews	Books, internet, other publications	At beginning of February-at the end of April	CRM definition, benefits and commercial contexts of CRM, CRM components and CRM in banking industry.
Face to face interviews	The Director of Sampo Bank Varkaus Branch	10 th of April	Basic information and CRM situation of Varkaus Branch
Video interviews	The Operation Manager of Bank of China Lujiang Branch	13 th of April	Basic information and CRM situation of Lujiang Branch

3.3 Qualitative Data Analysis

As Miles and Huberman (1994) defined, qualitative data analysis is a interactive and cyclical process which includes three concurrent flows of analysis activity: data reduction, data display and conclusion withdraw and verifying, as well the activity of data collection (see in Figure 2).

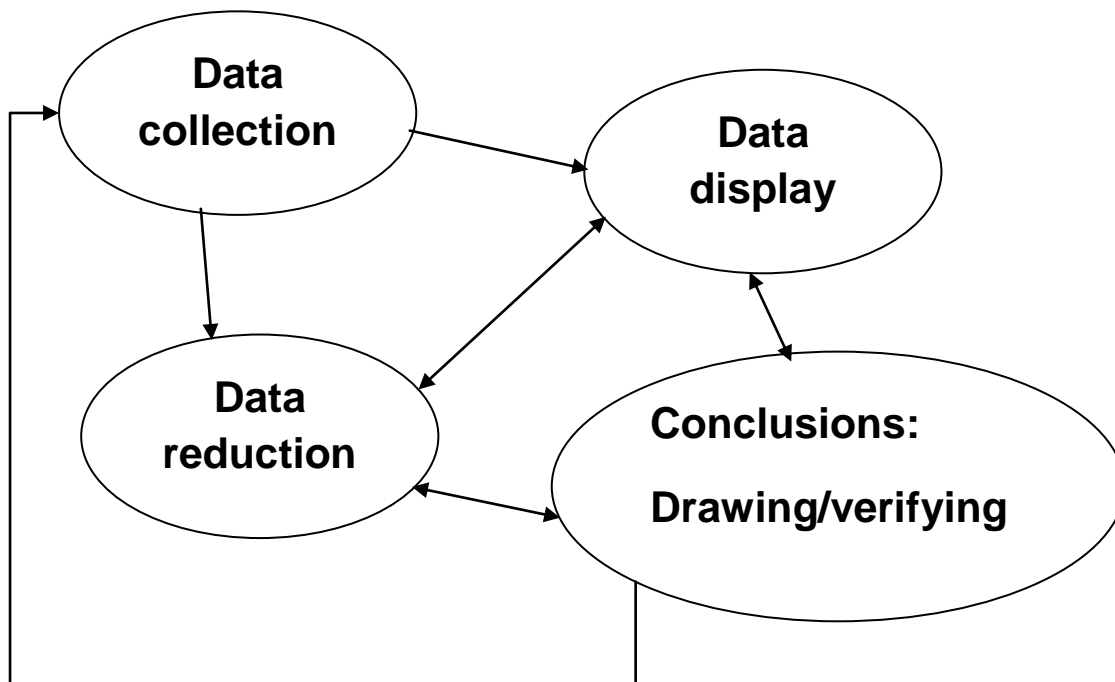


FIGURE 2. Components of qualitative data analysis (Miles & Hubberman 1994)

In this study, the work started from thinking about how to make suitable interview questions to interviewees in order to gain the answers for the research problem. From this start point, literature reviews on customer relationship management and CRM development situation in banking industry were conducted for finding out the comparable dimensions from CRM's point of view. Through reading and comparing varied sources about CRM, secondary data were collected for studying customer relationship management and banking industry's CRM applications. Then, after reducing those data, finally, the theoretical part of the

study was concluded. The author drawn the core concepts of CRM and decided to compare CRM in the two banks from CRM's three main components: people, business process and technology. And another round of qualitative data analysis cycle starts when the first round of qualitative data analysis ends.

Following the literatures reviewing and analyzing, documents on research methodologies specially qualitative approach and methods were studied. And before all the interviews were conducted, interview questions concerning CRM in the banks had been prepared and supervised to make sure ask applicable questions to interviewees. And summarizing works would be done after getting primary data from the interviews. Concretely, at the first place, descriptions about CRM in the researched banks were given apart in different sections. Afterwards, comparative analyses of CRM between the two banks would base on the interviews results concluded.

4 EMPIRICAL DATA PRESENTATION

This chapter will present a brief overview of the selected banks (Sampo Bank Varkaus Branch and Bank of China Lujang Branch) followed by the empirical data collected during the personal interviews. Besides, comparative study of CRM between the two banks based on the interview results will be given.

4.1 Interview Results

Piekkari and Welch (2004,185) defined an interview study as one where the data and findings are based on direct researcher-to-respondent conversations. Interviews can be structured, unstructured and done in groups. Interview questions were made beforehand for the interviews of this research. A structured interview was used to acquire reliable information and the interviewees are the persons who know whole picture of researched banks they work for. The information gathered from each bank will be presented separately and will follow the structure of the research questions.

4.1.1 Sampo Bank Varkaus Branch

Sampo Bank is a brand name for Danske Bank's Finnish operations. Danske Bank in Finland is a part of Danske Banks Group. The Danske Bank Group is one of the largest financial enterprise in the Nordic region. Danske Bank Group acquired Sampo Bank in 2007. During the year 2012, Danske Bank Group decided to unite all banking activities under one common brand. And the name of Sampo Bank was changed to Danske Bank in November 15th, 2012. Currently, Danske Bank has 117 branches in Finland. And it provides comprehensive banking services to private, business and institutional customers. Besides conventional banking products such as house loans, Danske Bank Finland also

specializes in savings and investments.

Sampo Bank Varkaus Branch is located at the city center of Varkaus. It was established in 1927 with the name of The Postal Savings Bank since Sampo Bank's operation started with The Postal Saving Bank. Varkaus Branch now is fairly small with only 10 employees. Nine of them take charge of personal banking, and only one of them is responsible for business customers in specific segments. The branch also cooperates with many experts who can handle private banking, cash management and life insurances and so on. Those experts usually take care of customers around Savo-Carelia area.

Title in Sampo Bank Varkaus Branch's daily bankings is Service Adviser/Teller. Service Adviser/Teller interacts with customers providing answers to their problems involving the financial products and monetary issues. Who's title is Senior Personal Banker mainly handle loans. Their duties include customer assistance in the selection of various accounts and financial services. Senior Personal Banker in investments is responsible for customers' investments and saving needs. They must have the knowledge of financial markets and the latest investment products and services. In business line, Varkaus Branch has one Business Banker who is in charge of Varkaus local business clients.

CRM at Sampo Bank Varkaus Branch

According to the Director of Sampo Bank Varkaus Branch interviewed, customer relationship management is not regarded as an independent project to conduct. The concept of CRM is penetrating into daily banking operations.

The branch deals with both personal customers and business customers. But it concentrates on individual customers. And the business customers it usually handles are local medium and small companies. Its services portfolio covers daily banking, loans, savings and investments. The portfolio can meet local customers' needs well. And they can be delivered by different channels like face to face services in the office, e-banking services, telephone services. At Varkaus Branch, most of meetings for changes of loans are conducted by face to face.

And telephone services are also everyday operations. The customers prefer use e-banking to do routine payments. The Director also emphasized that in the near future, Varkaus Branch could be possible to provide e-meeting services just like other branches are doing now. The new online advisory meetings allow both personal and business customers to book appointments for online meeting with an adviser when they have time. New features also enable the customer and the adviser to share documents, calculations or illustrations on the screen as though they were sitting across from each other in a branch office. As to the channels for customers giving feedbacks or complaints, internet and telephone could be the best alternatives. For example, customers can write their feedbacks or questions on specific sector of Sampo Bank's official webpage and they will be replied by persons who take charge according to the type of questions. Or the customers can talk problems through with the Servicer Advisers straightly .

When the question of any special demands to employees who deal with customers directly was asked, the Director answered that they educate the employees all the time for new products, new systems and solutions, as well how to contact with customers because the world of banking changes very fast. The branch has an e-meeting education for the employees once a week. Each employee's studying and training have different emphases based on what kind of job he or she is doing. As to detailed requirements to the employees when they are interacting with customers, dressing clean and respectful clothes is necessary in spite of no the bank uniform anymore. At the same time, be patient and polite are the most important qualities of the employees when they are providing customers with services.

The branch's CRM appliances and technologies which support automated sales and services are produced and decided in headquarters in Helsinki. Just as same as the whole trend of CRM in Finnish banking industry, Varkaus Branch applies data warehouse and internet technologies mostly backing the banking processes and management of customer relations. Its customer relationship management system is connected with the headquarters'. However, local customers' data updating and mining are done by itself. And the branch also have done customer satisfaction surveys many times by sending questionnaires with paper mails or emails to the customers.

Although many banks in Finland are able to give customers access to the e-banking system through PCs or mobile devices according to an increasing number of requests for flexible digital solutions, internet-only banks have not gained a foothold in the Finnish market and local presence through branches in retail banking markets is still important and valued by customers. For example, despite Sampo Bank's main marketing channel is internet, at Varkaus Branch, personal meetings by face to face are still considered more important than faceless mass-marketing.

4.1.2 Bank of China Lujiang Branch

Bank of China's full name is Bank of China Limited. It has experienced many times of changes and revolutions since it was established in 1912. From functioning as the central bank to now one of stated-owned commercial banks in China, Bank of China has maintained the development in line with the mission of serving people and the national financial industry. As the most internationalized and diversified bank in China, Bank of China provides full range of financial services in China's mainland, Hong Kong, Macau and other 31 countries. It mainly operates the commercial banking business like corporate banking, personal banking and financial market business. Moreover, it conducts investment banking business via Bank of China International Holding Limited, as well as the insurance services via Bank of China Insurance Company Limited and its subordinate and associate companies. (Bank of China 2013)

Bank of China Lujiang Branch was set up in 1986 and it is located in the most prosperous business street of Lujiang, competing with other banks' branches alongside directly. It now has over 50 employees. It consists of three departments: Business Development Department, Comprehensive Management Department and Operating Department. Business Development Department could also be divided into corporate business development department and Personal Loans Department. Comprehensive Management Department is like a back office which take cares of different kinds of supporting jobs.

In terms of major positions of the branch, it has President, Vice President, Operation Manager, Lobby Manager, Customer Manager, Credit Manager, Personal Loans Manager and Financial Manager. Customer Manager and Financial Manager are the main forces to do the jobs of sales and marketing for financial products. They put more attentions on keeping relations with personal customers and business clients. Concretely, to the financial clients who have total assets over 200 thousand RMB, Customer Manager and Financial Manager spend quite a lot entertainment fees on them. And the managers often recommend financial products to those customers via visiting or phone calling. Credit Manager has expertises on house mortgages and loans. Operational Manager and Lobby Manager are active in providing personal customers with daily and basic banking services such as cash services, remittance, insurances, money exchange, bank cards and so on. And particularly, the Lobby Manager of the branch mainly takes charge customer consultancies. He knows where and how to instruct customers in order to gain the right assist.

CRM at Bank of China Lujiang Branch

The CRM efforts at Bank of China Lujiang Branch started as independent ideas when the branch put standardized service procedure into practice and put forward the service concept of customer-centric.

Compared with local competitors, the branch could offer the most comprehensive service packages, which include corporate banking and personal banking. Especially concerning international business, for example, the branch is the only one which can provide foreign currency exchange services locally. Despite the branch has wider-scale service system, in general, the services it can offer are less and more simple relatively, comparing with Bank of China's branches in big cities, according to the Operation Manager. Major services are loans, notes discounted, acceptance bills, international remittance and domestic settlements. In addition, the branch can provide almost 20 different kinds of financial products such as precious metals trading, investment golden bar, funds,

etc. And speaking of the channels to offer those services and products, Bank of China Lujiang Branch deliveries the services by traditional counter service and the call center mainly due to low internet penetration ration in Lujiang town and existing large population who cannot use computer and internet well. But it is no doubt that the channels of e-banking and mobile banking in Lujiang Branch grow very fast with the increase of internet penetration rates. Call centers, increasingly as contact centers, customer interaction center, were around long before customer databases. It is an interactive value-added service system providing assistance and consulting to customer through interactive call navigation and human agent communication. The branch's call center is operated by customer service staff in order to accept customers' complaints and provide consulting services. Meanwhile, customers also can conduct some business like credit cards business, loss-reporting business, getting e-banking accounts and foreign exchange purchasing through the call center. However, what should be mentioned, according to the Operation Manager, is the branch still cannot satisfy all the needs from local customers. It has to add some new services into service packages every few years. (Dyché 2002, 53)

As mentioned above, Bank of China Lujiang Branch has underlined "customer-centric" as well as the concept of quality service during the recent years. And for realizing the procedure of standardized service, there are more demands to the employees. For instance, the staff have to wear uniform and serve customers with smiles. And Lujiang Branch has launched "service star" selection activities for a long time. The selection is generated monthly and selected staff 's photos and names will be posted in pride of place of the branch. The purpose of the activities is to deepen the staff's service consciousness and motivate them to compete with each other in providing good service. Besides, the branch also focus on the speed and accuracy of providing services. There are a wide range of contests to strengthen each employee's proficiency of operating businesses. Concerning staff trainings aiming to improve customer relationship management in the branch, normally, the training model is that firstly, some staff representatives will go to provincial branches to accept trainings and then, all the employees will be trained by those representatives. What they need to study are usually new businesses, cases of banking risks management.

In order to support more and more changes in the banking processes and the procedure of standardized service, Bank of China Lujiang Branch update its CRM systems annually. The branch has its own customer information management system which operation staff can see customer' assets, changes of customer's capital, and customer churn rate clearly. But, according to the Operation Manager, the branch's foreground application which takes care of transaction codes and customers data is from an Indian company and internal employees are not very satisfied with the application. And this application is updated very often.

4.2 Comparative Analysis of CRM Between the Two Banks Based on Interviews

This subchapter contains a comparative analysis of CRM between the two researched banks based on interview results. Common patterns of CRM reflected from the interviews will be summarized. And the comparative analysis of CRM differences between the banks will be done from CRM's three components' point of view as well.

Sampo Bank Varkaus Branch and Bank of Lujiang Branch are both quite small. But either of them could not underestimate the importance of customer relationship management. In spite of the limitation of the branches' size, they still focus on delivering high quality servicers to customers and cherish favorable relations between the banks and the customers. They both can provide customers with a wide range of services and products by different channels. Particularly, more digital service channels are developed. But interestingly, traditional face to face service in the branches has not been ignored either in both cities. Moreover, the both branches stress trainings to the employees all the time in order to adapt new banking technologies and changing banking processes.

However, the comparative study of CRM between the two banks will concentrate on comparing the differences of CRM situation of them.

The first difference is appearing in the side of business processes. On the one hand, Varkaus Branch can fulfill the customers' needs but Lujiang Branch cannot. The reasons for that mentioned by the Operation Manager of Lujiang Branch are the much higher level of the imbalance of region development in China compared with Finnish. From this point of view, larger population and faster economic developing in Lujiang town could explain that the local people demand more and more varied financial services and financial products. But in Finland, relatively, economic development is fairly stable and slow and the standard of living has been already very high. Accordingly, the whole banking system in Finland is more mature and rounded. And even small local branches can adjust their business process quickly based on the demand of customers. On the other hand, although Sampo Bank Varkaus Branch and Bank of China Lujiang Branch delivery their services with similar channels, proportion of different channels used in the two banks should be quite diverse. Based on the interviews, Varkaus Branch's customers do the daily bankings mostly by e-banking and mobile banking. But at Lujiang Branch, the face to face channel is still at the first place, even in the sector of daily banking activities.

The next difference of CRM situation at the two banks is the way of empowering people. At Sampo Bank Varkaus Branch, the employees are required to study continually. Same situation exists in Bank of China Lujiang Branch. However, Lujiang branch also has another way to improve the quality of customer service-internal competition. The competition among the staff in Lujiang Branch is quite intensified due to different kind of contests for banking skills and selections for "service star" each month. Comparatively, Varkaus Branch more encourages the employees to serve customers wholeheartedly rather than forces its people to just obey the bank's rules in customer relationship managing.

Speaking of the differences of CRM technologies at the two banks, e-banking services have been used to support customer self services more extensively in Varkaus. Most But it is at the beginning of growing step in Lujiang Branch.

Furthermore, the two banks both have own customer information management system. But the requests for the speed of updating the systems are different.

5 CONCLUSIONS

5.1 Brief Summary

Customer relationship management used to be a part of relation marketing. But with more and more intense competitions in markets and the growing recognitions of the importance of customer retention and customer loyalty, CRM gradually became an independent issue which is given a lot of attentions from companies especially companies in service industry. The purpose of the study was to know the CRM situations of the researched banks and compare them after having done the literature review on CRM and the interviews.

The questions of interviews were written and asked from the angle of CRM' three components. At the same time, the interview results and comparative analysis were also summed up from the same dimensions.

It is shown that the both banks think that customer relationship management is important and they also devote themselves to managing the relations with their customers and improving the service quality. However, to the three components of CRM in the two banks concretely, many differences could be compared and shown. They follow different service standards. They empower their people in different way to manage relations with their customers. And the level of CRM technologies which support banking processes in the two banks is not same especially e-banking and other digital solutions for interacting with customers.

5.2 Evaluation of the Research Quality

In this part I will estimate the qualitative research process's validity and reliability according to the criteria of qualitative research evaluation.

Validity

Qualitative research validity has two characteristics: to do research in a professional, accurate and systematic manner and to state how research is concocted clearly. It refers to the correct correlation between data and conclusion. (Bapir 2013)

I have done this research by reviewing a lot literatures about the topic and interviewing appropriate interviewees in an accurate and formal way. And the collected data is also closely correlated to answers of the research problem. The two points can prove that the research process is valid, even though the data gathered from the interviews is not very abundant owing to CRM in every bank involving much confidential information.

Reliability

Reliability of qualitative research is about the methods of conducting a research. Evaluation of a qualitative study is to check whether how and to what extent consistent methods and procedures are used. (Bapir 2013)

In this thesis, most of the theoretical part about customer relationship management was wrote based on reliable books. And the empirical section was done by interviewing the persons who know their branch's CRM well. The interview questions were prepared according to the previous literature reviewing concerning CRM theories. The interviews were conducted in different dates but with same questions for the comparing part. It is obvious that the study was done in consistent methods. And the procedure of the study and the results got from it are quite reliable.

5.3 Own Reflections on the thesis

The whole thesis process has been a tough and challenging experience to me. CRM is a familiar topic for me as an international business students. But actually, at the beginning of the thesis process, I found that there were so many arguments about customer relationship management theories and also, A great deal of informations on CRM was brand new to me. In terms of the qualitative research, it was interesting to interview the Director of Varkaus Branch and the Operation Manager of Lujiang Branch. Nevertheless, it is a pity that the interviews could't dig deeper into details of both researched banks because massive data about banks' customer relationship management is classified. In addition, the contents of CRM itself cannot be performed fully owing to the small size of the two branches.

Anyway, through the thesis process, I have gained valuable knowledge on CRM and good experience in interviewing. I hope that it is possible that in the future, better research in studying CRM of banking industry could be done, if I have real working experience in one bank.

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APPENDIX ONE Interview questions in English

Interview Guide

Introduction

The interviews focus on questions related to three components of CRM and basic information of the researched banks.

Interview Questions:

Basic Information

1. Which was the year of the branch established and how is the general development situation of it?
2. How many employees are working for the branch and what are the titles and responsibilities of them respectively?

Business Process

3. What are main financial products and services the branch providing?
4. What are the channels to offer those services? Face to face in the branch, e-banking service, telephone service?
5. Are all the services enough for the local customers? Do your bank need to add some others into services package?
6. How customers can give some feedback(or complaints) to the bank? And how the feedbacks can be handled with and make sure they are taken care off?

People

7. Employees are the key to offer customers with good services and to increase customer satisfactions. So are there any special demands to the employees who have dealings with customers directly?

8. Any trainings designed for employees concerning customer relationship management?

Technology

9. Do your bank have customer relationship management system specially?

10. What kind of CRM appliances and technologies which support customer-facing operations like sales, marketing, and customer services in the bank?

Others

11. Has your bank done any survey on customer satisfactions? If has, could you provide me with some informations and data?

12. Any other information about your bank's CRM you want to mention?

Thank you!

APPENDIX TWO Interview questions in Chinese

采访指导

介绍

采访的问题主要围绕支行的基本信息和客户关系管理的三个方面。

基本信息

1. 支行于那一年建立以及支行的基本发展概况？
2. 支行有多少员工？支行的人事结构与责任是怎样的？

企业流程

3. 支行主要提供哪些金融产品和服务？
4. 支行服务客户的渠道有哪些？网点，电子银行，电话银行？
5. 支行提供服务能否满足当地客户的需求？是否需要增加一些业务？
6. 客户如何给予反馈和投诉给支行？这些反馈又被怎么处理的？

人员

7. 员工是提供良好服务和提升顾客满意度的关键。所以支行是否对员工尤其是直接面对客户的员工有特殊要求？
8. 支行有哪些针对员工在客户关系管理方面的培训？

科技

9. 支行是否有特有的客户关系管理系统？

10. 有哪些客户关系管理的应用软件支持支行的销售，市场营销和客服？

补充

11. 支行有没有做过关于顾客满意度的调查，能否提供一些相关信息？

12. 还有哪些关于支行的客户关系管理的信息可以补充？

谢谢！

